



# USAID | EGYPT

FROM THE AMERICAN PEOPLE

## INITIAL ENVIRONMENTAL EXAMINATION

### PROGRAM/ACTIVITY DATA:

**Country:** Egypt

**Activity Name:** Value Chain Enhancement

**Funding Begins:** FY2013      **Funding Ends:** FY2018      **LOP Amount:** \$99,000,000

**IEE Expiry date:** Sept. 30, 2019

**IEE Prepared By:** Matt Curtis **Date:** July 29, 2013

**IEE Amendment (Y/N):** No

### ENVIRONMENTAL ACTION RECOMMENDED: (Place X where applicable)

Categorical Exclusion	<input checked="" type="checkbox"/>	Deferral	<input type="checkbox"/>
Positive Determination	<input type="checkbox"/>	Negative Determination	<input checked="" type="checkbox"/>
With Conditions	<input checked="" type="checkbox"/>	Exemption	<input type="checkbox"/>

## 1.0 BACKGROUND AND ACTIVITY/PROGRAM DESCRIPTION

### 1.1 Purpose and Scope of IEE

The purpose of this IEE, in accordance with 22CFR216, is to provide the first review of the reasonably foreseeable effects on the environment, as well as recommended Threshold Decisions, for the following activities: Support selected agriculture value chain linkages such as irrigation infrastructure, inputs, production, processing and marketing; Rigorous impact evaluation of Value Chain Enhancement (VCE).

This IEE provides a brief statement of the factual basis for a Threshold Decision as to whether an Environmental Assessment or an Environmental Impact Statement are required for the activities managed under this program.

### 1.2 Background of Projects and Activities

USAID/Egypt's VCE project will focus bringing rural small holder farms into the commercial value chain for higher value farm products, thereby making the entire value chain more efficient and inclusive. To meet these objectives the following projects and subsequent activities will be implemented:

### 1.2.1 Value Chain Enhancement

The Value Chain Enhancement (VCE) will build on existing markets and processing facilities in the region, identifying capacity and supply issues and potential, and then work back to farms. USAID will provide technical assistance (TA) to improve technologies used for more efficient supply, production, and distribution systems. The preliminary project plan includes the activities below but activities may be modified, expanded, added, or removed as the project plan is further developed, refined, and finalized.

These activities are within sub-purposes 2 and 3 in the Agribusiness for Rural Development and Increasing Incomes (ARDII) Multiyear Strategy.

On farm water management:

Cost-sharing, grants and TA will be given to water user associations and producer groups to rehabilitate on-farm water conveyance structures and build capacity. The majority of canals are already in place, however these existing structures are not efficient and are reported to lose nearly 25% of their water through seepage. Rehabilitation often includes cleaning out the canals of debris and lining the bottoms with rocks or cement. These are not large canals and the debris piles (soil and organic material) will be easily incorporated into adjacent fields (as demonstrated by previous activities). Along with the rehabilitation of canals, TA to water user associations and producer groups will be given to build capacity of the farmers in terms of introducing more efficient irrigation practices. These are to include drip and sprinkler irrigation as well as applying water based on the crop water use. The capacity of groups will be built up to manage water resources equitably among members so that they all can benefit from this resource. Currently, farmers at the ends of canals do not receive water and in some cases have begun to sell their nutrient rich topsoil as a means of economic income. This has dire environmental consequences and is not a sustainable practice. The previously mentioned activities will work to attenuate this, where all farmers along a canal can farm their land productively with secure access to water.

Investing in post-harvest infrastructure:

Cost-sharing and TA will be given to farmer groups and processors to improve productive assets. These assets may include collection points, cooling facilities, packaging plants, cooled transport and cold storage facilities. This will require new construction; however these facilities will be small and simple in design. For example, the cooling facilities are often just a room with insulated walls and ceilings. There are also low cost and low environmental impact options for cooling facilities including the CoolBot system (<http://www.storeitcold.com/USAIDcoolbotflyer.pdf>) which is used by UC Davis in USAID's Horticulture Innovation Lab.

At the processor or retailer level, cost-sharing and TA will be given for the development of larger cold storage facilities and packing plants. Both farmer groups and processors will be supported (cost-share and TA) in developing appropriate sized processing lines for dried, frozen or juice products. Construction activities for these larger buildings will require the implementer to fill out the Environmental Document Form (Attachment 1) stating the best practices they will use during construction as well as an Environmental Mitigation and Monitoring Plan (Attachment 2). Part of the TA that will be given to businesses will be to help them adopt processes that are not resource intensive. For

example, wastewater from processing facilities will be treated before being discharged. In coordination with this activity, the Water and Development Grand Challenge will encourage innovated solutions to improve water efficiency.

Developing domestic and export markets:

The activities under VCE will support efforts to introduce and maintain compliance with international certifications like Global GAP (Good Agricultural Practice) and Fair-Trade. Global GAP certification requires that farmers and processors use best management practices. These practices conserve resources (water, soil and air) and provide a level of food safety (traceability) that is currently lacking in Egypt. Cost-sharing and TA will be given to farmers and farmer associations that want to participate in Global GAP, to help them receive and comply with certification. This activity will work in coordination with the Agriculture Knowledge Management (AKM) activity that is also part of the Agribusiness for Rural Development and Increasing Incomes (ARDII) Multiyear Strategy. That activity will work with smallholders to increase their productivity through establishing a sustainable pluralistic extension and advisory service. Domestic and export traders will be engaged (cost share and TA) to form contracts with processors and farmer associations in order to develop a demand for certified products.

#### **1.2.2 Rigorous Impact Evaluation**

In compliance with USAID Forward goals, there will be a rigorous evaluation of the VCE program to be carried out by an independent contractor.

- The contractor will establish a baseline before implementation of the VCE program, monitor progress during and finally assess the impact of the program according to pre-defined indicators.

**Note:** No assistance to the Government of Egypt is anticipated with this grant, and it has been determined that this award is not subject to current assistance restrictions.

## **2.0 LEGISLATIVE AND REGULATORY FRAMEWORK**

### **2.1 NATIONAL REQUIREMENTS**

#### **2.1.1 Egypt's Environmental Law (Law 4, 1994: Amended Law no. 9 for 2009)**

Law 4/1994, (Amended by Law 9/2009) cuts across different governmental sectors, the law has been designated as the highest coordinating body in the field of the environment and formulates the general policy and prepares the necessary plans for the protection and promotion of the environment. The 'environment' has been defined in the Law as: The biosphere which encompasses living organisms together with the substances it contains and the air, water and soil that surround it, as well as the establishments set up by man. The Egyptian Environmental Affairs Agency (EEAA) is the government agency that oversees the implementation of this law.

#### **2.1.2 Egypt's Environmental Impact Assessment (EIA) Regulations 9/2009**

The Executive Regulations (ERs) of Law 4/1994 identify projects which should be subjected to an EIA based upon the following main principles:

- a) Type of activity undertaken by the establishment.
- b) Extent of natural resources exploitation.
- c) Location of the establishment.
- d) Type of energy used to operate the establishment.

The EIA system classifies the projects into three categories based on different levels of EIA requirements according to severity of possible environmental impacts and location of the establishment and its proximity to residential settlements:

- 1. Category (A):** projects with minimum environmental impacts. These are required to complete an environmental impact assessment form A.
- 2. Category (B):** projects with potential adverse environmental impacts yet less adverse than category C. These are required to complete an environmental impact assessment form B.
- 3. Category (C):** projects which have highly adverse impacts. These are required to prepare a full EIA study.

#### **2.1.3 Review of the Environmental Impact Assessment (EIA)**

Each of the three categories has specific requirements for impact assessment yet has similar processing procedures.

- The Competent Administrative Authority (CAA) directs the project proponent, on his request, to the correct project category using the illustrative lists and informs him/her of the related requirements. The EEAA will have the final decision regarding the classification and should provide the proponent with its opinion in writing via the CAA.

- The CAA evaluates the EIA documents through checking the study/form to ensure that the selected category is correct and that the project is compatible with the general plans for the CAA and to check that compliance of the information submitted with that required and check its completeness.
- EEAA reviews and evaluates the documents and provides its remarks and conditions needed for mitigation and minimizing negative impacts. EEAA notified the CAA of its decision (approval, objection or information requests, etc.) within 30 days of EEAA's receipt of completed documents else it is considered an implicit approval.
- For some of category B projects, EEAA might request scoped EIA study for certain components, impacts or processes of the project in accordance with the Terms of Reference prepared by EEAA.
- In case of some of category C projects, EEAA could request additional studies such as risk assessment or cumulative pollution load (information to be provided through EEAA) to ensure compliance with allowable limits.

## **2.2 USAID REQUIREMENTS**

The United States laws require that all activities financed by USAID shall comply with the requirement of the US law 22 CFR 216. To promote pesticide safety, the USAID environmental regulations require that for any pesticide, or any chemical that can also be used as pesticide, a Pesticide Evaluation Report and Safer Use Action Plan (PERSUAP) shall be prepared. No pesticides shall be recommended or procured by USAID/Egypt's VCE agriculture program.

## **3.0 EVALUATION OF PROJECT/PROGRAM ISSUES WITH RESPECT TO ENVIRONMENTAL IMPACT POTENTIAL**

The USAID/Egypt's agriculture projects designated as Negative Determination with Conditions will make up approximately 40% or \$40 million of the proposed allocations, while those projects that are designated as Categorical Exclusions make up 60% or \$59 million of the allocation.

The Value Chain Enhancement (VCE) activities will include an assessment of market opportunities. This will include a cost benefit analysis of agriculture value chains, identification of the capacity and supply issues in those chains, meetings with farmers and business people, the identification/formation of farmers associations, an evaluation of domestic and international markets and technical support for compliance with international standards. Rehabilitation and new construction of construction activities will involve irrigation and drainage canals (rehabilitation only) as well as collection points, cold storage, pack-houses and processing facilities. These activities will be carried out in Upper Egypt in a total of six governorates. Agriculture in the proposed target area of Upper Egypt is dominated by smallholder farms of ten or fewer feddans (approximately 10 acres), with production mostly limited to relatively low-value crops such as sugar cane, maize and other staples.

The rigorous impact evaluation will consist of establishing a baseline for activities carried out by the VCE project. A counterfactual will be identified and monitored by the



contractor, in order to provide a basis by which to measure the impact of VCE activities. The project will be made up primarily of meetings and surveys.

#### **4.0 Threshold Decision**

##### **4.1 Negative Determination with Conditions**

(\$ 40 Million / 40% approx.)

In accordance with 22 CFR 216.3 (a) (3) (iii);

"The Agency has developed design criteria for such an action which, if applied in the design of the action, will avoid a significant effect on the environment."

- a. New construction and rehabilitation of irrigation or buildings. This requires a general Environmental Document Form (EDF) which will discuss how construction activities will use best management practices. This will be detailed in an EDF prepared by the activity implementer and approved by the USAID/Egypt Mission Environmental Officer (MEO).
- b. Improved farming methods for identified crops in value chains: Fertilizer and water use efficiency. This requires a general Environmental Document Form (EDF) which will discuss how soil and water management best practices will be followed. This will be detailed in an EDF prepared by the activity implementer and approved by the USAID/Egypt Mission Environmental Officer (MEO).

##### **4.2 Categorical Exclusion**

(\$ 59 Million / 60% approx.)

In accordance with 22 CFR 216.2 (a) (2) (i) and (iii);

"(i) Education, technical assistance, or training programs except to the extent such programs include activities directly affecting the environment (such as construction of facilities, etc.);

(iii) Analyses, studies, academic or research workshops and meetings;"

The following are activities in VEGA that are considered to be categorically excluded:

- c. Provision of Technical Assistance (to organize WUA and improve self-governance)
- d. Workshops and Meetings (to demonstrate new irrigation technologies and management techniques)

#### **5.0 LIMITATIONS OF THE IEE**

This assistance doesn't cover activities involving:

1. Assistance for the procurements (includes payment in kind, donations, guarantees of credit) or use (including handling, transport, fuel for transport, storage, mixing, loading, application, clean-up of spray equipment, and disposal) of pesticides (where pesticides cover all insecticides, fungicides, and rodenticides, etc. covered under the "Federal Insecticide, Fungicide, and Rodenticide Act" FIFRA.) or activities involving procurement, transport, use, storage, or disposal of toxic materials. All the proposed activities involving assistance for the procurement or use, or both, of pesticides in the existing and expanded geographic areas shall be subject to the procedures

prescribed in 22 CFR 216.3(b)(1)(i) through (v). The procurement or use of genetically modified organisms (GMOs), will require preparation of biosafety assessment (review) in accordance with ADS 201.3.11.2(b) in an amendment to the IEE reviewed by the Agency Biosafety Review Advisor and approved by BEO-ME.

2. Procurement or use of Asbestos Containing Materials (ACM) i.e. piping, roofing, etc., Polychlorinated Biphenyl's (PCB) or other toxic/hazardous materials prohibited by US EPA as provided at: <http://www.epa.gov/asbestos> and/or under international environmental agreements and conventions e.g. Stockholm Convention on Persistent Organic Pollutions as provided at: <http://chm.pops.int>
3. USAID/Egypt restricts the use of USAID funds, directly or indirectly, to produce, acquire, use, transport, store, sell, or otherwise deal with ammonium nitrate (AN) and calcium ammonium nitrate (CAN) for agricultural or rehabilitation and renovation activities and construction/demolition purposes.
4. Activities involving support to wood processing, agro-processing, industrial enterprises and regulatory permitting
5. GDA and/or DCA.

Any of these actions would require an amendment to the IEE duly approved by the BEO-ME.

## 6.0 REVISIONS

In accordance with 22 CFR 216.3(a)(9,) if a project is revised or new information becomes available, including during preparation of an EDF, which indicates that a proposed action might be "major" and its effects "significant," the Determination will be reviewed and revised by the originator(s) of the program and projects and submitted through the MEO to the Bureau Environmental Officers, ME, for approval and, if warranted, an environmental assessment will be launched and scoping statement and environmental assessment report prepared. The scoping and EA process, if determined necessary during scoping, will follow and comply with 22 CFR 216.3(a)(4).

### Attachments:

- Attachment 1 - EDF Form
- Attachment 2 - EMMP Form
- Attachment 3 – Email clearance from Hanh Nguyen

### CC:

- Project files
- MEO tracking

**CLEARANCES AND APPROVAL OF RECOMMENDED ENVIRONMENTAL ACTIONS:**  
IEE for "United States Department of Agriculture Egypt Agriculture Program"

		Date
		7/29/2013
Office of Economic Growth Director	William Patterson	Date
Regional Environmental Advisor, Asia, OAPA, and Middle East	<i>email</i> Alexandra Hadzi-Vidanovic	<i>12/17/13</i> Date
Mission Environmental Officer	Soad Saada	12/8/2013 Date
Program Office Director	James Harmon	12/9/2013 Date
Regional Legal Advisor	Cleared by email Hanh Nguyen	Date
<b>APPROVAL:</b>		
Acting Deputy Mission Director	<i>TLR</i> Tim Riedler	<i>12/16/13</i> Date
ME Bureau Environmental Officer,	<i>John Wilson</i> John Wilson	<i>12/17/13</i> Date



## Environmental Documentation Form

INSERT PROJECT NAME

## A. Applicant information

Contractor/grantee(organization)		Parent grant or project
individual contact and title		Address, phone and email (if available)
activity (brief description)		Amount
Location of activity		Start and end date of activity

## B. Activities, screening results, and recommended determination

TABLE 1		Screening result (Step 3 of instructions)			Recommended Determinations (Step 6 of instructions. Complete for all moderate and high-risk activities)		
Proposed Sub-activities		Very Low Risk	Moderate Risk	High Risk	No significant adverse impact	mitigation, no significant	Significant Adverse impact
1.							
2.							
3.							
4.							
6.							
8.							
9.							

(continue on additional page if necessary)

**C. Summary of recommended determinations (check all that apply)**

The activity contains. . .	<i>(equivalent regulation 216 terminology)</i>
<input type="checkbox"/> Very low risk sub-activities	<i>categorical exclusion(s)</i>
<input type="checkbox"/> After environmental review, sub-activities determined to have <b>no significant adverse impacts</b>	<i>negative determination(s)</i>
<input type="checkbox"/> After environmental review, sub-activities determined to have <b>no significant adverse impacts, given appropriate mitigation and monitoring</b>	<i>negative determination(s) with conditions</i>
<input type="checkbox"/> After environmental review, sub-activities determined to have <b>significant adverse impacts</b>	<i>positive determination(s)</i>

**D. Certification:**

I, the undersigned, certify that:

1. The information on this form is correct and complete
2.
  - These design elements and best practices will be followed in implementing this activity, except with the approval of USAID.
  - Any specific mitigation or monitoring measures described in the attached information will be implemented in their entirety.
  - Compliance with these conditions will be regularly confirmed and documented by on-site inspections during the activity and at its completion.

\_\_\_\_\_  
(Signature)\_\_\_\_\_  
(Date)**BELOW THIS LINE FOR USAID USE ONLY****Approval**

USAID Project Officer	(print name)	(signature)
<input type="checkbox"/> Approved		
<input type="checkbox"/> Rejected		
USAID MEO or DME0	(print name)	(signature)
<input type="checkbox"/> Approved		
<input type="checkbox"/> Rejected		

**USAID comments: (if documentation is rejected, comments must be provided to applicant)**

Attachment 2

Environmental Mitigation & Monitoring Plan (EMMP)

- An EMMP should either be included in or developed for (1) **all IEEs** that have at least one "Negative Determination with Conditions" (or for activities for which an environmental review has been completed pursuant to an IEE requirement) and (2) all Environmental Assessments (EAs).
- If the EMMP is not developed as part of the IEE, the implementing partner should usually lead development of the EMMP, subject to review and oversight by the MEO and COTR/AOTR.
- In all cases, the tasks identified in the EMMP are incorporated into the implementing partner's Work Plan, budget, and reporting.
- The following EMMP format is recommended. It can be adapted, as necessary.

Environmental Mitigation and Monitoring Plan

Activity Title:  
Implementer:

Activity	Mitigation Measure(s)	Monitoring Indicator(s)	Monitoring and Reporting Frequency	Party(ies) Responsible	Indicative Budget
<p>List all activities in IEE that received a "negative determination with conditions."</p> <p><i>Do not list any other activities in separate rows.</i></p>	<p>If mitigation measures are well-specified in the IEE, quote directly from IEE</p> <p>If they are not well-specified in the IEE, define more specifically here.</p>	<p>Specify indicators to (1) determine if mitigation is in place and (2) successful.</p> <p>For example, visual inspections for seepage around pit latrine; sedimentation at stream crossings, etc.)</p>	<p>For example: "monitor weekly, and report in quarterly reports. If XXX occurs, immediately inform USAID activity manager."</p>	<p>If appropriate, <i>separately</i> specify the parties responsible for mitigation, for monitoring and for reporting.</p>	